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Attwood, Thomas

The currency

Birmingham

1843

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## THE CURRENCY.

(FROM ARIS'S BIRMINGHAM GAZETTE, JANUARY 30.)

OBSERVATIONS on the LETTERS of the Right Honourable SIR ROBERT PEEL, Baronet, to the BIRMINGHAM CHAMBER of COMMERCE, as printed in the *Times* newspaper of January the 20th, 1843. By THOMAS ATTWOOD, Esq.

1.—The letters upon which I presume to make the following observations, are certainly remarkable documents; whether considered with reference to the quarter from whence they come, or to the force and ability of their arguments, or to the vast importance of the subject upon which they treat, they certainly demand the profoundest attention of the public mind. The probable truth of those arguments, as probably applicable to a different state of things, and to an earlier stage of society, it is exceedingly difficult to dispute; but in my humble judgment they are not applicable to the existing state of things, and they cannot be rigidly and permanently enforced and acted upon without the extreme danger of breaking up the fabric of society in England. "Time," says Lord Bacon, "is the greatest innovator; and if time changeth things for the worse, and wile dom and council alter them not for the better, what shall be the end?" Time has changed things for the worse; and if wisdom and council cannot alter for the better, fearful indeed is the doom which overhangs our country.

2.—The Right Honourable Baronet is pleased to make some important quotations from Mr. Locke. In the days of Locke, and at earlier periods, the present standard of value (enhanced as it is full 10 per cent. above the standard of those days), might possibly have been applicable to the then existing and comparatively simple state of society in England. The monetary debts and obligations then existing in the nation did not probably exceed one-hundredth part of their present amount, and yet the monetary products of the Spanish mines were probably much greater than they are now, and the population of England was certainly much less. The division of labour, and its multitudinous subdivisions, scarcely existed. The habits of life were simple; and nine-tenths of the wants of the people were gratified in kind, and not in money. The rents of land were mainly paid in kind, the wages of labour were mainly paid in kind; even the taxes and "aids" of the Crown were frequently discharged in wool. Men were not gathered into masses, but lived in their farms, and villages almost without the uses of money; and those who were not existing in the nation might possibly have been greatly reduced with but little comparative injury; but to reduce in any considerable degree the quantity of money in circulation now, when the whole machinery of society is worked through the medium of monetary debts and contracts, is to arrest the movement of that vast and complicated machinery, to violate the faith of contracts, to destroy the beneficial employment of labour, to embarrass alike both debtors and creditors, and to scatter poverty, misery, discontent, and ruin throughout the land. An affluent and abundant circulating system may be of little consequence at one period, but it may be a question of life and death to the nation at another.

3.—It is these repeated reductions of the circulating system, effected from time to time with the object of enforcing the present standard of value, which have caused all the "fluctuations" and nearly all the distresses and dangers of the last thirty years. Certainly it is necessary that these cruel, and unwise, and unjust attempts should now be abandoned. Every motive of justice, and good faith, and humanity, and of high policy, and necessity, imperatively demands that the monetary system of the country should at least be accommodated to the existing state of society; and that the state of society should not be forced back into conformity with an arbitrary and unjust standard of value, long forgotten and superseded in the necessities and practical uses of the nation.

4.—Surely enough of sacrifice has been made in these direful attempts during the last thirty years. The country has suffered under injuries, difficulties, and embarrassments of many kinds. Hundreds of thousands of honest workmen are this moment injured in the deficient employment of their labour, and in the rightious comforts and independence to which their skill and industry entitle them. Tens of thousands of upright tradesmen are deprived of their rightful profits, and too frequently of their rightful capitals, earned by themselves or their fathers, through long years of industry, prudence, and care. Thousands have been ruined. Their savings have sunk into untimely graves, or to human endurance on the other.

In all these melancholy cases, "public faith" has been most grossly violated. Public faith cannot certainly restore the dead; but if wisely and honestly maintained, it may yet protect the living. During thirty years every temporary attempt to restore and maintain the present standard of value has been attended by undoubted symptoms of difficulty, distress, embarrassment, and discontent. Every temporary abandonment of such attempts has invariably been attended with increased revenue to the Government, and with increased comfort, prosperity, and contentment to the people. Is not the experience of thirty years sufficient?

5.—But before the days of Locke, and in the earlier periods of our history, and probably in those of every nation in the world, dire necessity, and even positive justice, alike to creditors and debtors, have frequently compelled Governments to adopt reductions and relaxations of the standard of value. Surely in the history of mankind, never was necessity so dire, never was justice so overwhelmingly evident as that which exists in England now.

6.—When Mr. Pitt found it necessary to adopt the Bank Restriction Act in 1797, undoubtedly the dangers and necessities of the nation were great. The French revolution had devastated Europe; and if the English people had, through the contraction of the currency, been then exposed to the distress and discontent consequent upon a want of employment, and upon a deficiency of wages and profits, there was then reason to apprehend that in case similar commotions would have broken out in England, and that, aided by foreign invasions, such commotions might have proved dangerous to the fabric of society. It cannot be doubted that upon the present occasion the necessity for acting upon Mr. Pitt's policy in 1797, is far more urgent than it was then. The distress of the people is extreme. Thirty years of "gradualism," suffering, and disorder, have gradually loosened the tie which holds society together. The great bulk of the working classes in agriculture, manufacture, and commerce, long deficient in employment and in rightful wages, have become sullen, discontented, and disorganized; and the symptoms exhibited in the last autumn, and in that of 1839, cannot fail to impress every observing mind with fearful apprehensions of the state of things which may arise. Mr. Pitt guarded against the fearful events before and around him in due time. In my humble opinion, it is not yet too late to save the country, by acting upon a similar policy now.

7.—If Mr. Locke had been alive now, he who well describes the miseries, discords, and dangers which attend all contractions of the currency, even in simple states of society; if he had been alive now, and had witnessed the existing condition of millions of the people, and the change which misery, and despair, and hoarded injuries have occasioned in their minds and feelings, he would certainly have shrank with horror from attempts, persevered in for thirty years, to convert a fiction of the law into a reality, and to repay in standard gold, increased

10 per cent. in value, eight hundred millions of public debt, and eight hundred millions more of private debt, all contracted in paper money, little better than "ideal units" in intrinsic value, and certainly not commanding more than one-half of the value in property and labour which standard gold is now made to command.

8.—After the days of Locke, and in the middle periods of the last century, the pressure of the metallic standard upon the artificial growths and changes of society was sometimes found to be too severe to be endured; and in the memorable periods of 1793, 1797, 1803, 1810, 1816, 1822, 1825, 1833, and 1837, Government was literally forced to have recourse to temporary relaxations of the monetary system. Fortune would have been for this unhappy nation, if at either of these latter periods such temporary relaxations had been rendered permanent; and the monetary system of the country had been permanently accommodated to the mighty changes which time and circumstances have worked in the social state and in the monetary obligations of the nation.

9.—If no monetary debts, and no monetary taxes and obligations existed in the nation, the present metallic standard of value might possibly be substantiated, and its pressure, having merely a prospective operation, might possibly be endured. But overwhelmed as the nation is with taxes, debts, contracts and obligations of a hundred kinds, all founded upon, or still having a main reference to the habits, values, and calculations of an artificial and depreciated monetary system; under such circumstances to give to all these multitudinous masses of obligations a positive retrospective operation, and to compel them all to be convertible by law into standard gold, is literally to strangle the industry of the country.

10.—All the observations of Locke must certainly be considered with a continual reference to the state of society under which he lived, about 160 years ago. There can be little doubt that even in his days the pressure of the metallic standard of value was found to be severe; and it is highly probable that both wisdom and justice required that even then the standard should have been reduced or relaxed. In the quotations which the Right Honourable Baronet alludes to, Mr. Locke speaks of the "decay of wealth" in the nation as having been occasioned by an unfavourable balance of trade, and by "the import of foreign consumption," which "our own expectation of the sum of duties does pay for"; and in the same quotation he speaks of the "decay for the state of things as being probably to be found in a return to the virtue and provident way of living of our ancestors, and spending less than our commodities will pay for," which he observes, "is the only way for the nation to get rich." 11.—Undoubtedly Mr. Locke means that in his days the distress of the people was mainly occasioned by the luxurious habits of the nation, which then required greater quantities of wine, tea, spirits, sugar, coffee, and other foreign luxuries, than the then existing exportation of English manufactures would pay for; and that the balance thus occasioned was necessarily paid for in Bullion money, or what he calls "wealth"; and the remedy for this state of things appeared to Mr. Locke to be in the nation's checking, diminishing, or prohibiting the consumption of foreign commodities in England, in order that the exports of England should be brought to exceed her imports, and that thus an increased importation of Bullion should be forced into England, and in our present phraseology, that the course of Exchange should be turned in our favour.

12.—With all the difference and respect which are due to the eminent reputation of Mr. Locke, I must still of opinion that in both these instances his arguments are invalid, as applicable to the existing state of things in England. The disease of the country now is not what he, whether justly or unjustly, describes it then; nor is the remedy which he then proposed at all applicable to the disease which now afflicts our country.

13.—It is not now the increased consumption of foreign luxuries among us which has turned occasionally the balance of exchange against us during the last twenty-seven years. It is in every instance the "remunerating price" of British produce and manufacture which have been occasionally produced by increased issues of money, and which have been absolutely necessary to support the rents, debts, and taxes, and the artificial burdens of society in a hundred forms in England. If the ruin of 1816, or of 1822, or of 1825, had been suffered to take its fearful course, without being relieved by increased issues of money, the balance of exchange could never have been turned against us; but universal anarchy would have overwhelmed all. Under the present standard of value, combined with present taxes, rents, debts, contracts, and obligations, no permanent "remunerating price," and no permanent reward for the employment of labour can possibly exist among us.

14.—So also, it is not "a return to the virtue and provident way of living of our ancestors," which can now restore prosperity to the country by forcing the exchanges in our favour. If by a process of this kind, by "our consuming less of foreign commodities than our own commodities will pay for," agreeably to the recommendations of Locke, we should thus force a return of bullion, or of what Locke calls "wealth" into our country; we should still find that the prosperity thus occasioned would be merely temporary and delusive; for the influx of bullion, in restoring "remunerating prices," and consequent prosperity in England, would quickly act, under our present standard, in rendering bullion the most favourable article which men could find for export, and the least favourable article which they could find for import into England.

15.—The increase of the consumption of foreign luxuries in England in the days of Locke was certainly great; and it is probably much greater since those days; but it may be deemed certain, that the luxurious habits and wants of the people have in no respect increased in a greater degree than their means and productive powers have increased; and that if a free scope were given to industry, by a just, equitable, and efficient currency, those mean and productive powers would now secure to honest workmen, generally and individually, a greater share of the comforts and necessities of life, in exchange for their labour, than they ever possessed at any period of our history before. The wonderful inventions and improvements of society would thus be made to contribute largely in improving the individual condition, and in increasing the individual comforts and enjoyments of all classes of the people. The present disease of our country is a deficient power to produce, but a sufficient power to purchase and consume the comforts, necessaries, and articles of life. The disease is "under consumption," naked backs without the money in circulation wherewith to purchase clothing; and hungry mouths without the money in circulation wherewith to purchase food. In short, it is starvation in the midst of plenty! To attempt to remedy this most serious disorder in the social body by a "return to the virtue and provident way of living of our ancestors," or in other words by diminishing the consumption of commodities, and the employment of labour still further, would aggravate the general suffering and increase the general danger. If the Government should itself attempt to act upon this principle, by reducing the interest of the national debt, and the pay of the army and the navy, and all other branches of the public expenditure, to the level which existed in the days of Locke, or even in 1797, the wisdom of his arguments, as applicable to the present state of society, would be brought suddenly to a fearful test; a test which it will not however be much longer possible for us to avoid; we persist in enforcing the present standard of value. It is in

vain for us to disguise our necessities. If we reject Mr. Pitt's doctrine of depreciation, we shall inevitably be driven upon the American doctrine of repudiation.

16.—It is in vain to rail against repudiation. No one can be held to perform impossibilities. When the limits of taxation are reached in a nation; when industry is paralyzed on the one side, and its burdens are doubled on the other; when the old taxes cease to be productive; and when new taxes only serve to diminish the revenue instead of increasing it—at such periods, and in all countries, either repudiation or depreciation becomes inevitable. It is the duty of a wise Government to guide and direct the measures which may be necessary, and to give them a salutary character at the dire necessity, of circumstances will permit.

17.—In the present conduct of many of the American legislatures some palliation may be found in their local circumstances. The Supreme Government there has sanctioned and encouraged for many years the use of artificial paper money, in many forms and of many characters; and scarcely any of it "waives, in reality, convertible into bullion without a great discount." By the use of this kind of money, and the system of credit connected with it, far more than by their possession of unlimited wildernesses of land, the Americans have enjoyed more real prosperity than any nation ever enjoyed before. As Mr. O'Connell once said, "If the American people had been compelled to use only a golden axe cutting down the American woods, the American woods would have remained in their primeval state to this day." Under the use of this kind of money the Americans had prospered. They gave it the expressive name of *skin-plaster*. In these *skin-plasters* supporting general prices at a very high level, they had contracted enormous masses of private debt, and obligations among each other, and not a small sum of public debt, to different individuals in Europe. From such strange policy, which it is now necessary to inquire into, the last President, General Jackson and Mr. Martin Van Buren thought it their duty a few years ago to abolish, as far as possible the *skin-plaster*, but unluckily they forgot to abolish the *skin-plaster debts* at the same time!! A giant fraud is thus being committed in America, which it is probable that Jackson and Van Buren had no idea of. The price of land, and of goods, and of shares, and of property and labour generally in the United States, have thus been reduced more than fifty per cent., by being made convertible into *heavy leather* instead of *skin-plaster*. In this way the real weight and the real value of every private and public obligation of the American people have in a secret and unknown way been more than doubled. They have now to repay more than double the real value in property and labour which they ever received from either private or public creditors, or that they really ever contracted to repay. And whilst their burdens are thus doubled, their industry is "paralyzed" at the same time. If the American people wish to avoid the "repudiation" of their *skin-plaster debts*, it is absolutely necessary that they should recover the use of their *skin-plaster money*, or at least of some other money depreciated in a similar degree. It is necessary also that England should restore the use of what were called "*worthless rags*," or at least of some other money, which will enable her to pay the Americans *ten pence per pound* for their cotton, instead of *five pence*. Until these things are done, all the railing in the world will not compel the American people to perform impossible duties. They are now brought to occupy themselves with ruining each other in a circle. They cannot pay taxes. They cannot borrow money. They cannot pay debts. They are steeped in poverty. They must either adopt "repudiation," or to use another of their own phrases, they must "go into a state of liquidation," which will not be much better. If they should persist in carrying out their "*hard money system*," as propounded by the rugged executioners of *Ambroster and Arbutnot*, half a dozen line of battle ships on their coast, would settle all their disputes with England, *without firing a gun*.

18.—The Right Honourable Baronet is pleased to put a very important question to the Committee of the Chamber of Commerce, a question which, he justly observes, is "at the root of the whole controversy." His question is, "Is it not the duty of a Government to regulate a non-convertible paper currency to be established, 'what will it own value be determined by?'" Will it merely be an abstract conception of value, corresponding with what has been called the "ideal unit"? The pound sterling would certainly imply what it implied during the whole existence of the Bank Restriction Act, viz., such varying or fixed quantities of bullion as the legislature might deem just, necessary, and salutary; and might regulate by regulating the quantities of paper money to be issued issued into circulation or withdrawn. It would imply full twenty shillings in our present copper coins, which are now legal tender to the amount of five shillings sterling, and which might certainly be made so to the amount of twenty shillings, without injustice or material public inconvenience. If issued and withdrawn with prudence and integrity, it would imply also such a command over the general values of society as the legislature might deem just and necessary, and competent to restore and preserve the reward of industry and the full employment of labour, without trenching in any way upon any just and honest interest of the monetary classes of the community. I am not prepared to say that the present price of standard gold, viz. 32. 17s. 10d. per ounce, could be either honestly, beneficially, or safely maintained under such issues of paper money as the national safety absolutely requires; although I am fully aware of the great depreciation which would be occasioned in the real value of gold itself in the markets of England and of Europe, by superseding the use of it as *coin* in England, and substituting a Government non-convertible paper money in its place. If other nations, like France and America, should follow the example of England, which is very probable; or if the Chinese should give back to Europe for 200 years; or if the American mines, instead of continuing in their present stagnant state, should again become as productive as they were forty years ago, before the abolition of slavery in Spanish America crushed the productive power of the Spanish mines; in either of these cases it is not improbable that the present price of standard gold, viz. 32. 17s. 10d. per ounce, might be permanently maintained in the markets without injustice or injury to any classes of the community. But these are questions upon which it is not safe to stake the existence of society in England. It is absolutely necessary that the price of gold should be made to bend to the national exigencies; and that the interest of the nation, and the common safety of all classes, should no longer be compromised by persevering attempts to maintain gold at 32. 17s. 10d. per ounce, and to convert *the fiction of the law into a reality*.

19.—That the present standard of value has, by the progress of things, become a *mere fiction of the law*, no observing mind can reasonably doubt. It is true to the eye, but it is false to the fact. So long as only one man in one thousand seeks to realize his claim upon industry in standard gold, the realization may be secure; but in the very moment any considerable portion of the community seeks such realization, it becomes a dream. And even this illusory appearance of convertibility is only preserved by subjecting the people to a state of pressure and suffering unknown to their ancestors, and perhaps never witnessed in any nation before. It is this state of pressure, only which has now enabled the Bank of England to collect ten millions sterling in bullion. If the pressure should be discontinued for a moment, it must again owe its solvency to borrowing from the Bank of France. And yet the Government itself yet owes to

the Bank of Eng. and, in various shapes, a greater sum of money than probably exists in England in standard gold. If the Crown of England were put up for sale by auction to-morrow, with all its mighty, and glorious, and unheard-of appendages, it is exceedingly probable that it would not produce, in standard gold, one single year's interest of the national debt. And yet England is prodigiously rich—by far the richest empire in the world. If the industry of her people were set free from the thralldom of the present standard of value, and a just and necessary reward for the employment of capital and labour, in the operations of industry, were thus insured, the pressure of the national debt would become a mere trifle; comparatively speaking, it would be like a feather on the back of a giant. At present it is like a millstone round the nation's neck. The pressure of the present metallic standard literally strangles industry on the one side, and doubles its burdens on the other.

20.—It does not necessarily follow, that in substituting a Government non-convertible paper currency for the existing Government coins, it would therefore be necessary to have recourse to "ideal units." The Governments of Prussia, Austria, and Russia, have made use of paper money, very analogous in character, ever since the late war; but I am not aware that they have ever had recourse to "ideal units," nor indeed can I discover that either of those Governments have ever carried the depreciation of their respective paper currencies much beyond the level which had been adopted during the exigencies of the late war. In Russia for instance, the paper pound sterling had fallen to about five shillings in metallic money during the late war; but the Russian Government has found no difficulty in preserving its paper money, at about the same level of depreciation, during the last twenty-five years. In each of those countries the Government paper *reduces* or *paper-floors* have been preserved at nearly the same level, in metallic values, as they commanded during the war. Their respective populations have suffered but little from "fluctuations," and less from the want of profits, and of employment and wages; and what little they have suffered has been mainly occasioned by "fluctuations" in the currency of England, which the late Mr. Rothschild foretold in 1819, "would affect the remotest corners of the earth." In those countries, it is true, the Governments are arbitrary; but they have been just and paternal in their conduct towards their people; and their people have consequently been prosperous, grateful, and contented. In England the Government is indeed *United*, but its "tender mercies" towards the people have been "cruel." To those countries, Englishmen, with their skill, and experience, and invaluable industry, and energy, are rapidly emigrating. The situation of England now, indeed, very closely resembles that of Italy in the latter days of the Roman Empire. "Multitudes of Roman citizens" (says Salvatore, no. 360) "forsook the borders of their country, and took refuge among the barbarous hordes which beset the empire; preferring rather, under a species of slavery, to live freemen, than under a species of liberty, to be slaves." *Mutant omnia, sub specie captitatis vive iberi, quam sub specie libertatis, esse existi?*"

21.—But if Austria, Russia, and Prussia, with not one-tenth part of the burdens and necessities of England, and in a comparatively simple state of society, should have found it just and necessary to adopt non-convertible paper money, or at least paper money *virtually nonconvertible*; and if these nations should have found no "ideal units" necessary, but should yet have been able to preserve the metallic values of their paper currencies at nearly the same level as existed thirty years ago, what possible injury, and what possible danger can arise from England's following their example? It may not be just or safe to issue such Government paper money in England in such limited quantities only as would keep down the price of standard gold at 37.17s. 10d. per ounce; but time, experience, and observation would quickly prove what level of the prices of gold was consistent with the national welfare; and such level of the prices of gold, whatever it might be, might be justly and safely adopted and maintained by the Government, until possibly some great circumstances like the late war, or some more deep and obscure circumstances, affecting the supply and demand of gold throughout the world, might possibly render it necessary, as in all other countries and in other ages, again to reduce the metallic values of the circulating system still further. But in making these observations, I do not mean to recommend an *ab initio* depreciation of money, which would be neither just, safe, nor beneficial; I merely mean to recommend such a just, equitable, and efficient adjustment of the currency as is now demanded by the necessities of the nation, and is alike required for the common safety and advantage of all classes of the community.

22.—Certainly it would be proper to entrust the administration and regulation of the vast machinery here contemplated to the Treasury or the Exchequer, or to some board of control accountable to the Crown and to Parliament. But under such regulation there could be no difficulty in substantiating a Government non-convertible paper currency, not subject to injurious "fluctuations," and perfectly safe and efficient to protect and protect the rights of industry, without the possibility of endangering or seriously injuring any other interest of the country.

23.—In recommending however a Government non-convertible paper currency, as most suited and applicable to the existing state of society in England, we more easily regulated and less subject to fluctuations and changes than any metallic standard can possibly be; yet I am fully aware that under a just and practicable metallic standard, the security, prosperity, and contentment of all classes might yet be restored and maintained. In the former case all the foreign and domestic circumstances and changes which must always in some degree affect the supply and demand of bullion, are made to act in producing much greater changes in the means and gratifications of the people. Within the last twelve months seven or eight tariffs have been adopted by foreign nations, all calculated, and probably intended, to check the importation of British manufactures into their respective countries, and to encourage the importation of British gold. No prudent statesman can possibly overlook foreign

circumstances of this kind, when deciding upon a just, safe, and judicious system of Currency in England. It is estimated that the New American Tariff, which imposes an additional duty of nearly fifty per cent. upon British manufactures, will draw from England three millions sterling of our present bullion money within the next six months! If this three millions were drawn merely from the enormous masses of British wealth, it would literally amount to nothing; but when considered as being drawn from the very basis of our circulating system, if such basis is to be maintained in its present state, the withdrawal of such three millions sterling is certainly calculated to effect injury to England of twenty times the amount. Undoubtedly a non-convertible currency is less liable to be affected by foreign circumstances and changes than any metallic currency can possibly be; but a metallic currency established upon a sufficiently broad and extensive basis, is most competent to protect the rights and interests of society. Under a just and efficient metallic standard no "fluctuations" of any magnitude could ever occur, because the price of gold being raised in the same degree with "remunerating prices" generally, no large or injurious export of gold, followed up by a consequent contraction of the paper currency, could possibly take place at one period, and no large importation of gold, followed up by a consequent expansion of the paper currency, could possibly take place at another period. The power of the law would not be brought into action to destroy "remunerating prices" at one time, nor would the influence of the Government be necessary to restore them at another.

24.—Under our present system we take a narrow basis for a prodigious superstructure. We compose that basis of a material not produced in our own country, and not subject to our control, but liable to be affected in its supply and demand, and *exchangeable value*, by foreign powers, loans, tariffs, circumstances, and *caprices*. At the slightest reduction of this basis the vast superstructure trembles, shrinks, and contracts itself in a much greater degree. No permanent "remunerating prices," and no solid prosperity, or even safety, can exist in England, until this frail and uncertain basis is either wholly removed, or enlarged and supported, and brought into conformity with the prodigious masses of monetary obligations which it has to support. For any great measure of this nature, the present would appear to be a most favourable period. The extreme sufferings of the people justify and require it; and the eleven millions of bullion now in the Bank of England would cause it to be rightly estimated by the world, as a matter of prudence and of high policy, and not of poverty and necessity.

25.—Many nations seem now to be acting upon the *Chinese policy* of demanding bullion in exchange for their exports. It is certainly not improbable that a perseverance in our present standard of value, in conjunction with our immense monetary obligations, may some time render necessary the adoption of a similar policy in England. At present we seem to be acting upon a directly opposite policy. In seeking to substantiate a heavy bullion currency, we pass laws having a tendency to increase the importation of foreign produce and to promote the exportation of bullion in payment for it. The American Government, in seeking the very same object, pass laws having a tendency to diminish the importation of foreign produce and to encourage the importation of bullion in payment for their exports. There appears a strange inconsistency in this. We shall shortly see what time will develop. The late Mr. Huskisson informed his constituents at Liverpool, that it was never the intention of Lord Liverpool's Government to persevere in the bill of 1819, under any large importation of foreign grain. Now under the bill of 1819, the importation of foreign produce on the one hand, and the exportation of bullion on the other, are certainly calculated to reduce, or perhaps *annihilate*, what is called *real* England. It is probable therefore that Sir Robert Peel, in his *free trade measures*, may be carrying out a profound policy calculated to bring the owners of land to an end with the owners of labour, and the industrial classes generally; in enabling him to rectify the greatest error that was ever committed in the history of England. In this case, he will find no difficulty in conducting the Government; and he will be entitled to the eternal gratitude of his country.

26.—It cannot be denied that an extreme jealousy and alarm has been propagated in many quarters respecting the injury and danger which arise from what are called "excessive issues of paper money." Many persons, like the late Mr. Cobbett, have gone even so far as to contend that the "fluctuations" of the last thirty years, and all the miseries and dangers attending them, have been owing to such "excessive issues of paper money;" whilst the real fact is as notorious as the sun at midday, that it is only these very issues of paper money which have occasioned the temporary periods of prosperity, or rather relaxations of distress, which the nation has sometimes experienced during those years, and which have indeed prevented the pressure of the metallic standard, in conjunction with existing monetary obligations, from literally crushing society into the very dust! Money, whether of paper or of gold, having the power of the law to support it, is literally *vital* in all the multifarious uses of society in England. *Haber et truck* are forbidden by law; the existence of small notes, tokens, and other small acknowledgments of debt, transferable among individuals at each other's option, is also forbidden by law. Money now furnishes almost the only means of employment for labour, the only means of discharging debts, the only means of purchasing and consuming commodities—in fact, the only means of gratifying the wants and necessities of the people. It alone supports and maintains all the great processes of production, distribution, and composition; it feeds the hungry and clothes the naked, and breaks open prison doors, and saves families from ruin; and yet the late Mr. Cobbett and many others, *themselves* victims to the deficiency of money, have always been exercised in a hydrocephalic brain of its own. I cannot but be of opinion that money, whether of paper or of gold, can never be said to be in excess until the general demand for labour in a nation becomes permanently greater than its supply. I think also, that whether gold money, or paper money, or a mixed character of money is adopted, the first and most important duty for the Legislature to attend to, is to take care that an ample demand for labour is restored and maintained throughout the country. Without this there can be no justice, no pros-

perity, no contentment, and no safety for society in England. It is the deficiency of money, and not its excess, which ought most to be guarded against, which produces want of employment, poverty, misery, and discontent in nations, and which, if properly investigated, would probably be found to have been at the root of, or at least mainly instrumental in producing all the greatest revolutions recorded in the history of mankind.

27.—With regard to the issue and circulation of cash notes or *acknowledgments of debt*, whether great or small, and issued at the mutual option of individuals, these would of course be payable in coin in Government notes; and it is certainly worthy of reflection, whether it is just or prudent to allow the existence of monetary debts and obligations in the nation, and at the same time to place difficulties in the way of their discharge, or in the way of their exchange in the markets for each other? I should much doubt whether it is just or prudent for the legislature to allow monetary debts to be contracted among individuals, and then to deny to individuals the right of giving and receiving written *acknowledgments* of such debts, whether great or small; and the right also of transferring such acknowledgments to each other at each other's option? In a country like England, where everything is in an extremely artificial state, where the subdivisions of labour and the manipulations of industry are wonderfully extensive and complicated, and where all those wonderful manipulations and complications are mainly conducted, completed, and carried into the uses of society through the agency of monetary debts, the policy of forbidding the issue and circulation of written acknowledgments of debt, whether great or small, among individuals at each other's option, appears exceedingly doubtful indeed. Suppose a hundred individuals to be possessed of small stocks of commodities, suppose each of them to have contracted a small debt with another of them, the whole of whom may suffer embarrassment for the want of a medium of exchange through which such debts may be discharged or exchanged for each other. The very moment any one of them gives to another a written acknowledgment of debt, it circulates instantly from hand to hand, relieving all from embarrassment, until perhaps the last person repays with a small debt which he owes to the first person who issues it. It is not easy to discover any thing injurious or unhealthy in such an operation as this. In the *Clearing House* of London about two hundred millions sterling of *acknowledgments of debt* are annually exchanged for each other, almost without the agency of money, after having each of them performed its great duties in discharging debts and purchasing commodities, and gratifying the wants and necessities of the people in all parts of the country. No one would think of destroying this prodigious system which has grown up with our growth, and is now inwoven with the very nature of our society. Why should not the issue of *small acknowledgments of debt* be equally salutary and useful? I have known an instance in which three individuals had placed each other in the prison of a Court of Requests for debts due to each other, and under ten shillings each. If any one of these individuals had given his written acknowledgment of debt to the other, that instrument would have worked its own operation, and the whole of the three individuals would have been instantly released from embarrassment *without the necessity of meeting in a prison*.

28.—The labours, anxieties, and difficulties which the Right Honourable Baronet has to endure, and, I hope, to overcome, are certainly immense, and such as require the warm sympathy and support of the country. Fortunately for him the period of his difficulties is short. He must either change his policy or he must retire. If the country should be suffered to continue in its present state for only three months longer, it is exceedingly probable that the *malt tax* will be *wrenched* out of his hands. In the present distressed state of agriculture and of trade, both the county members and the borough members will co-operate in this; and thus the falling revenue will sustain an additional loss of five millions per annum. The Minister will then be driven upon an increased *Property Tax*. But here again both the *landed interest* and the *moneyed interest* will be combined against him. Universal distress, a failing revenue, danger, lament, and apparent crowding around him. No hope to cheer him. I cannot therefore perceive how the Right Honourable Baronet can possibly hold the helm of public affairs much longer, without relieving the national distress, and increasing the national revenue, by the adoption of either a just, fit, and practicable metallic standard of value, or of a non-convertible paper currency. In either of these cases, it would be advisable, in the first place, to have recourse to a temporary Order in Council to restrict and protect the Bank of England.

The course before us would then be safe and clear. But a measure of this kind requires extreme caution and discretion. Mr. Pitt thought the danger so imminent in 1797, that he literally passed the order in council to restrict the Bank of England on a Sunday.

29.—It is perhaps proper to make one other remark, which has not often been noticed among public men, but which is calculated to give some satisfaction to both the landed and the manufacturing classes. A reduction of the present standard of value or in other words, an elevation of the present *market* prices of gold, to whatever extent effected, would act instantly, *pro tanto*, as a premium or bounty upon the *exportation of British manufactures*, and at the same time, as a tax or duty, *pro tanto*, upon the importation of all foreign produce into England; until the prices of property and labour generally in England became raised equally above their present ruinous and destructive level.

In the present state of monetary obligations in England, it is only this elevation in the prices of property and labour, effected through an action upon the currency, which can set free the great processes of production and consumption throughout the country, which can effect a just and equitable distribution of the values of society among the people, which can restore the reward of industry, and the beneficial employment of labour among the productive classes, and, at the same time, give equal justice, protection, and security to the monetary classes of the community.

THOMAS ATTWOOD.

Birmingham, January 23, 1843.

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